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Yolanda Rickford
Operator's Signature

10/16/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1423

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Yolanda Richard
Operator's Signature

10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1423

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2/04/03

Tape Number	Side A	Side B	Meter #
1	x		54.3-end
1		x	0.0-11.6
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: **Chairman Kelser** opened the hearing on HB 1423. **Rep. Froseth** introduced the bill

(See attached #1)

Rep. Ekstrom: Have you considered requiring an in-kind match? Or pro-bono contributions?

Rep. Froseth: Some utility companies have provided matching grant funds in the past.

Chairman Kelser suggested to change "shall" to "may" p. 2. line 11. Do we run a risk of funding a project that better judgment would decline?

Rep. Froseth: I'm okay with that change. The intent is to leave the final decision to the ED & F Board.

Lee Peterson, Department of Commerce, provided information and offered oral testimony regarding his concerns about this proposed legislation. Currently the Development Fund is operating as a revolving fund and doing very well. Grants would not revolve and therefore not replenish the loan fund.

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La Costa Rickford
Operator's Signature

10/16/03
Date

Page 2
House Industry, Business and Labor Committee
Bill/Resolution Number HB 1423
Hearing Date 2/4/03

Rep. Severson suggested that small municipalities be allowed to submitting a grant only every three years.

Chairman Keiser asked if Peterson was open towards considering this as a pilot program to test if it is a viable way to approach economic development for smaller towns.

Peterson: North Dakota has 370 communities with a population of 2500 or less in population.

Two projects recently needed feasibility moneys. They were agricultural projects so APUC could fund them. We need to identify funding sources to assist rural communities.

As there was no one else to testify in opposition to HB 1423, the hearing was closed.

Chairman Keiser called for committee work on HB 1423.

Rep. Severson suggested an amendment that would set up a pilot project for ten applicants and also require community participation. Expenditures from the fund would be limited to \$100,000 per year.

Rep. Zaiser stated that criteria ought to be more clearly defined.

Rep. Froseth stated concerns about limiting the number of grant applications per community as well as the requirement for matching funds from within the community. Small community businesses stretch their budgets to give back to their towns as is.

Rep. Ekstrom stated that she favors a first come, first served program. Is it possible to take a portion of a loan program and dedicate the interest bearing quality of that fund to a grant program? Let's limit the expenditure, not the number of projects.

Rep. Dosch suggested a limit of ten projects during the biennium and one project per community for this pilot program.

Page 3

House Industry, Business and Labor Committee

Bill/Resolution Number HB 1423

Hearing Date 2/4/03

Rep. Severson: The other issue, is there a chance to include a reporting mechanism from ED& F on applications received etc?

Rep. Froseth: The Rural Growth Incentive Program was established last session with matching funds requirement and nobody applied for it. I think there's a communication gap between ED & F to let smaller communities know what is available.

Rep. Zaiser will get language together so that Legislative Council can draft amendments for HB 1423 for committee action at a later date.

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Jo Costa Rickford
Operator's Signature

10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1423

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2/05/03

Tape Number	Side A	Side B	Meter #
2		x	10.6-19.5
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: **Chairman Keiser** called for committee work on HB 1423.

Rep. Froseth distributed new amendments and reviewed them for the committee. Obviously, section 3 which pertains to grants will stipulate that the grants will be matching funds. We met with Lee Peterson, Department of Commerce and he is comfortable with this. The sunset clause will take effect in two years.

Rep. Froseth moved to adopt the amendments. **Rep. Boe** seconded the motion.

A voice vote carried the motion to adopt the amendments.

Rep. Boe moved a Do Pass and Referral to Appropriations Committee.

Rep. Zaiser seconded the motion.

The roll call vote results were: 14-0-0.

Rep. Zaiser will carry this bill on the floor.

FISCAL NOTE
 Requested by Legislative Council
 02/10/2003

Amendment to: HB 1423

1A. **State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

In so far as the development fund is operated under a continuing appropriation no additional spending authority will be necessary. If the maximum amount of \$100,000 is expended per biennium this will reduce the capitalization of the fund by a corresponding amount which in time may affect the viability of the fund.

3. **State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

B. **Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Dean Reese	Agency:	Dept. of Commerce
Phone Number:	328-5334	Date Prepared:	02/11/2003

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La Costa Rickford
 Operator's Signature

10/16/03
 Date

FISCAL NOTE
 Requested by Legislative Council
 01/21/2003

Bill/Resolution No.: HB 1423

1A. **State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

No fiscal impact is expected.

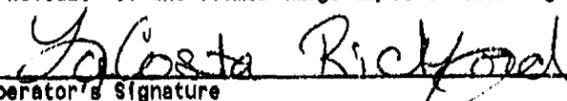
3. **State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

B. **Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Paul Govig	Agency:	Dept. of Commerce
Phone Number:	328-4499	Date Prepared:	01/23/2003


10/16/03
 Operator's Signature Date

30698.0101
Title.0200

Prepared by the Legislative Council staff for
Representative Froseth
February 5, 2003

VR
2/6/03

HOUSE AMENDMENTS TO HOUSE BILL NO. 1423 IBL 2-06-03

Page 1, line 2, after "commerce" insert "; and to provide an expiration date"

HOUSE AMENDMENTS TO HB 1423 IBL 2-06-03

Page 2, line 10, after the underscored period insert "The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds."

Page 2, line 17, after the underscored period insert "Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium."

Page 2, after line 22, insert:

"SECTION 2. EXPIRATION DATE. This Act is effective through July 31, 2005, and after that date is ineffective."

Renumber accordingly

Date: 2/5/03
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1423

House Industry, Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number 30698.0101
0200

Action Taken Do Pass / Referral to Appropriations

Motion Made By Boe Seconded By Zaiser

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	/		Rep. Boe	/	
Rep. Severson, Vice-Chair	/		Rep. Ekstrom	/	
Rep. Dosch	/		Rep. Thorpe	/	
Rep. Froseth	/		Rep. Zaiser	/	
Rep. Johnson	/				
Rep. Kasper	/				
Rep. Klein	/				
Rep. Nottlestad	/				
Rep. Ruby	/				
Rep. Tleman	/				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Zaiser

If the vote is on an amendment, briefly indicate intent:

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Operator's Signature Richard Costa Date 10/16/03

REPORT OF STANDING COMMITTEE (410)
February 6, 2003 5:38 p.m.

Module No: HR-23-1921
Carrier: Zaiser
Insert LC: 30698.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1423: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1423 was placed on the Sixth order on the calendar.

Page 1, line 2, after "commerce" insert "; and to provide an expiration date"

Page 2, line 10, after the underscored period insert "The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds."

Page 2, line 17, after the underscored period insert "Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium."

Page 2, after line 22, insert:

"SECTION 2. EXPIRATION DATE. This Act is effective through July 31, 2005, and after that date is ineffective."

Renumber accordingly

2003 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1423

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Sal Costa Richardson
Operator's Signature

10/16/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1423

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date 03/13/03

Tape Number	Side A	Side B	Meter #
Tape 1		x	2390-4060
Committee Clerk Signature <i>Lisa H...</i>			

Minutes:

Senator Karen Krebsbach, Chairman opens HB 1423. All senators present.

Representative Glen Froseth (Testimony attached)

Senator Krebsbach : It is a matching fund?

Rep. Froseth: Yes, we put a cap of \$100,000 that could be used.

Senator Krebsbach : What changes were made in the house?

Rep. Froseth: Nothing really, on page 1 line 11 we added grant, or both under this section.

Jerry Hjelmstad, League of Cities, in support and asks committee for a Do Pass.

Closed HB 1423

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L. Costa Rickford
Operator's Signature

10/16/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1423

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date 03/20/03

Tape Number	Side A	Side B	Meter #
Tape 1		x	5200 to end
Tape 2	x		0-140
Committee Clerk Signature			

Minutes:

Committee discusses a few points on bill. Senator Brown is absent.

Senator Nelson moves for a Do pass

Senator Wardner 2nd

5 Yes 0 No 1 Absent

Carrier : Senator Krebsbach

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Salosta Rickford
Operator's Signature

10/16/03
Date

REPORT OF STANDING COMMITTEE (410)
March 20, 2003 1:40 p.m.

Module No: SR-50-5328
Carrier: Krebsbach
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1423, as engrossed: Government and Veterans Affairs Committee (Sen. Krebsbach,
Chairman) recommends DO PASS (5 YEAS, 0 NAYS, 1 ABSENT AND NOT
VOTING). Engrossed HB 1423 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-50-5328

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Jo Costa Richardson
Operator's Signature

10/16/03
Date

2003 TESTIMONY

HB 1423

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Loiseta Richardson
Operator's Signature

10/16/03
Date



Representative Glen Froseth
 District 6
 P.O. Box 894
 Kenmare, ND 58746-0894
 gfroseth@state.nd.us

NORTH DAKOTA HOUSE

STATE CAPITOL
 600 EAST BOULEVARD
 BISMARCK, ND 58505-0360



COMMITTEES:
 Industry, Business and Labor
 Political Subdivisions

TESTIMONY HB 1423

Representative Glen Froseth
 District 6

Chairman Keiser and Members of the House IBL Committee, for the record, I am Representative Glen Froseth, District 6 and I ask your favorable consideration of **HB 1423**.

This bill is designed to assist small cities and towns under two thousand five hundred with their economic development efforts through the rural growth incentive program.

A new section to **54-34.3-13** will provide that cities under two thousand five hundred may qualify for a grant up to ten thousand dollars for the purpose of funding feasibility studies for the location of a new business, including the expansion of a business with the primary place of business outside the rural growth incentive city, in other words, an existing business or manufacturing firm who may be interested in locating a satellite branch of their existing facility.

Funds for this program would come from the existing moneys in the North Dakota development fund. Attached to this testimony is a copy of the rural development loan fund from their latest annual report. As the report reveals, this fund has approximately \$7 million in reserves.

The selection of qualifying cities and qualifying projects is left entirely with the ED&F of the Commerce Department.

One of the problems small cities have is funds to conduct feasibility studies and many projects are not pursued due to the lack of operating capital.

In Kenmare, our Economic Development Corporation (which has been in existence for more than forty years) receives about \$4,000 from a city job authority mill levy (4 mills) and we receive \$11,000 from Ward County. Our other sources of income are from rental property we have acquired over the years.

We employ a part time executive director for a salary of \$1,000 per month. I believe this is the working arrangement of most small community economic development groups.

With a limited amount of funds to work with, we usually are stymied when asked for funds to conduct feasibility studies.

Mr. Chairman and Committee, I believe **HB 1423** would provide a valuable source to use in our economic development efforts and I urge your "**DO PASS**" recommendation.

Thank you.

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Richard Costa
 Operator's Signature

10/16/03
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COMBINING STATEMENTS OF CASH FLOWS continued

	Development Fund	Regional Rural	Eliminations	Totals	
		Development Revolving Loan Fund		2001	2000
CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contribution	-	-	-	-	145,174
NET CASH PROVIDED BY CAPITAL AND RELATED ACTIVITIES					
	-	-	-	-	145,174
INVESTING ACTIVITIES					
Purchase of certificates of deposit	-	-	-	-	(400,000)
Proceeds from certificates of deposit	400,000	-	-	400,000	2,250,000
Purchase of equity investments	(150,000)	(330,000)	-	(480,000)	(525,000)
Proceeds on equity investments	191,000	-	-	191,000	462,400
Disbursements of business loans	(3,731,450)	(2,505,825)	-	(6,237,275)	(5,210,461)
Principal received on business loans	2,457,034	1,472,889	-	3,929,923	3,199,617
Interest received	644,082	535,401	-	1,179,483	1,074,830
Dividends received	-	-	-	-	39,181
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES					
	(189,334)	(827,535)	-	(1,016,869)	890,567
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS					
	43,570	(825,902)	-	(782,332)	1,312,589
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR					
	3,950,525	3,546,116	-	7,496,641	6,184,052
CASH AND CASH EQUIVALENTS AT END OF YEAR					
	<u>\$ 3,994,095</u>	<u>\$ 2,720,214</u>	<u>\$</u>	<u>\$ 6,714,309</u>	<u>\$ 7,496,641</u>

36

SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES	Regional Rural Development Fund		Regional Rural Development Revolving Loan Fund	
	2001	2000	2001	2000
Equity investments written off	\$ 350,000	\$ 237,600	\$ -	\$ 317,150
Loan receivable written off	305,971	3,122	66,041	540,053
Capital contribution	-	1,139,646	-	-

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Lo Costa Rickford 10/16/03
Operator's Signature Date

FR

TESTIMONY HB 1423
By Rep. Glen Froseth

Madam

Krebsbach

GVA

Chairman ~~Match~~ and members of the Senate ~~ED&F~~ Committee, for the record my name is Rep. Glen Froseth from District 6, which is all of Bottineau and Renville Counties and the northern half of rural Ward County.

HB 1423 is designed to assist small cities under 2500 with their economic development efforts through the Rural Growth Incentive Program.

The heart of the bill is on page 2, Section 3. This new section to 54-34.3-34 will provide cities under 2500 to qualify for a matching grant up to \$10,000 for the purpose of funding feasibility studies for the location of a new business, including the expansion of a business with the primary place of business outside the rural growth incentive city. In other words, an existing business or manufacturing firm who may be interested in locating a satellite branch of their existing facility in a city under 2500 population.

Funds for this program would come from the existing moneys in the North Dakota Development fund and would be limited to a total of \$100,000 from this fund. Also there is a sunset on this act of July 31, 2005, so that it can be revisited next legislative session to evaluate it's effectiveness.

The selection of a qualifying city and qualifying projects is left entireley with the ED&F of the Commerce Department.

One of the problems small cities have is funding feasibility studies and many projects are not pursued due to the lack of operating capital.

I have been a member of the Kenmare Economic Development group for about 30 years and finding money to conduct a feasibility study is always very difficult.

Our Development Corporation receives about \$4,000 from a city job authority mill levy (4 mills), and we receive \$11,000 annually from Ward County. Our other sources of income are from a few rental properties we have acquired over the years. Also, Kenmare has a Home Rule government and we levy a 1c sales tax that brings in about \$80,000 annually. This money is designated for infastructure, health and welfare services, and economic development.

We employ a part time EDC director for a salary of \$1,000 per month, so you can see we have a limited amount of funds to work with and we are usually stymied when asked for funds to conduct feasibility studies. Funding feasibility studies is usually putting the money at risk, and if we spend our funds doing this, we then don't have investment capital should a project looks as if it may be something we would like to further pursue.

Krebsbach
Mr. Chairman and Committee, I believe HB1423 would provide a valuable source for small cities to use in their economic development efforts and I urge your "Do Pass" recommendation.

Thank you.